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CONTACT: RICHARD MILLS
202-395-3230**

United States Announces Interim Resolution of Soybean Dispute with China
China to Accept U.S. Certificates, Soybean Exports Up

WASHINGTON - The United States announced today an interim agreement with the People's Republic of China that removes obstacles that had blocked U.S. soybean exports since June. Since the agreement was first reached in October, U.S. soybean exports to China have surged, with an 8 percent increase over the same period for last year.

President George W. Bush raised the issue during his meeting with China's President Jiang Zemin during the October APEC summit in Shanghai, and other administration officials worked with their Chinese counterparts to resolve the dispute. During the APEC meetings, Ambassador Robert B. Zoellick and Minister of Foreign Trade and Economic Cooperation (MOFTEC) Shi Guangsheng agreed to the interim use of U.S. and other foreign certificates to ensure U.S. soybean entry into China. In a November 26 letter, China confirmed it will accept the certificates as a basis to admit U.S. soybeans into China until China's new biotechnology regulations are implemented.

"This surge in American soybean exports to China comes during our main harvest season and is crucial for our soybean farmers," Ambassador Zoellick, the U.S. Trade Representative, said. "American farmers need to feel secure that deals signed will not be adversely affected by any new regulations China may issue. We have made clear that this is important to a strong trading relationship with China and are working to ensure there are no further disruptions."

"This is good news for American agriculture. We have worked hard to resolve this issue for our soybean producers," said U.S. Secretary of Agriculture Ann M. Veneman. "China is the sixth largest agricultural export market and represented approximately \$1 billion in soybean sales last year. We stand ready to work with Chinese officials to implement their regulation so shipments can resume to this important market."

Following the October agreement in China, U.S. soybean exports to China surged, reaching more than

1.6 million tons in October and the first three weeks of November. While exports for the year remain below last year's level because of the halt in shipments from June to September, U.S. soybean exports to China this marketing season are running about 8 percent higher than last year at this time.

Chinese acceptance of foreign certificates is an interim measure designed to stay in effect until China implements its new biotechnology regulations. China has not announced a timetable for the implementation of these regulations.

Ambassador Allen Johnson, USTR's lead agricultural negotiator, will travel to China in mid-December to discuss those issues. The United States government is building on this interim agreement to work for long-term solutions that do not adversely affect trade and that are consistent with China's WTO obligations. U.S. trade officials look to China to provide for an appropriate grace period once new regulations are issued and inform Chinese importers of these actions.

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